THE SPY-T PLAYBOOK

Trade the gap, *not the screen.*

A field guide to the SPY-T overnight trade: buy near the close, hold through the night, and manage out at the open. One larger move instead of a hundred small ones, read through the market's gamma.

- High risk · High reward
- One trade a night
- No screen-sitting

Illustrative. The trade lives in the dark band.

HOLD	ENTRY	EXIT	TYPICAL DTE
1 night	≈ 3:55 PM ET	9:30–10:00 AM	4–7 days

PART I · THE TRADE

01 WHERE SPY-T LIVES

Between day trading and long-term swing

SPY-T is high-risk, high-reward trading, a lot like day trading, except you don't sit at the screen. There is far less up-and-down emotion and only **one trade**: you trade the overnight gap and capture one larger move instead of grinding out a series of small ones.

It sits between intraday day trading and multi-day swing trading. Active enough to compound, slow enough to live with.

DAY TRADING	SPY-T · OVERNIGHT	LONG-TERM SWING
Many small moves. Screen-bound. High emotion all day.	One move, one trade. Buy the close, exit the open.	Days to weeks of exposure. Slower, with more capital at rest.
minutes → hours	≈ 18 hours	days → weeks

02 ANATOMY OF THE TRADE

Three moving parts

PART 1 · TIME

Overnight

Hold the position across one overnight session, the window where the gap forms.

PART 2 · SIGNAL

Direction

Up, down, or neutral. Your read on where tomorrow's open is headed.

PART 3 · TRADE

SPY-T

The position itself: options, or stock, ETFs and leveraged ETFs.

THE 18-HOUR CLOCK · EASTERN TIME

3:55 PM

Read the signal, enter

Members typically see the signal shortly before the close. Build the position before 4:00.

4:00–4:15 PM

Late window

SPY, QQQ and IWM options keep trading until 4:15.[1] You can still act on the public signal in that window.

Overnight

Hold and watch

Futures and news shape the gap. Know what's scheduled before 9:30.

9:30–10:00 AM

Manage out

Exit through the open. Work each leg to shape the result.

8:15 PM
SPX / XSP options reopen (Cboe overnight session)[2]

8:30 AM
Economic data drops (CPI, jobs, claims)[3,14]

9:25 AM
Overnight index session closes[2]

READING THE SIGNAL

The front page of **spytomorrow.com** posts an **up / down / neutral** signal after the **4:00 PM ET** close.[4] Members typically see it **shortly before the close**. Use it on its own, alongside your own signal, or in any combination to judge where the next open is headed.

03 THE ENGINE

What is gamma?

SpyTomorrow uses a **gamma-aware algorithm** because gamma is one of the best windows into the market's mood. For a single option, gamma measures how fast its delta (directional sensitivity) changes as price moves. Zoomed out to the whole market, the gamma that the big dealers hold tends to decide whether moves get **dampened** or **amplified**.[5]

Dealer positioning isn't published. Gamma exposure (GEX) is an estimate built from open interest and assumptions about who holds what, so treat it as a strong read, not a measurement.[5]

+ Positive gamma

Dealers lean **against** the move: selling strength, buying weakness. The result tends to be a **calmer, mean-reverting** market with less volatility.

`smaller gaps` `reliable`

− Negative gamma

Dealers move **with** the market: chasing strength, dumping weakness. Moves tend to get **amplified** and volatility feeds on itself.

`bigger gaps` `two-way risk`

04 THE SETUP MAP

Gamma × Signal

Four setups, ranked. Where gamma sits and which way the signal points decides whether you get a **reliable** grind or the **biggest move** on the board.

	SIGNAL ▲ UP	SIGNAL ▼ DOWN
+ Gamma	★ MOST RELIABLE **Strongest results** Calm tape, signal points up. The cleanest, most repeatable edge.	2ND STRONGEST **Reliable** Still positive gamma, signal points down. Dependable, slightly less so.
− Gamma	⚡ SWEET SPOT **Biggest move** An amplified tape pushing the same way the signal points. The largest potential move and the most reward.	WEAKEST **Lowest conviction** The hardest, least reliable setup. When you are right, negative gamma still amplifies the move, so a correct call can pay with a large downside swing.

SpyTomorrow's setup ranking. Reliability peaks in positive gamma; magnitude peaks in the negative-gamma sweet spot.

WHEN THE SIGNAL IS

◖ Neutral

A **Skip the night.** No clear edge, no trade. Sitting out is a position.

B **Reduce exposure.** If you do trade, drop to a half or quarter position.

C **Lean on other signals.** Let gamma, IV, the fear gauge, or another signal with a proven record break the tie. This is also the one setup where a balanced ratio can make sense (Chapter 07).

PART II · BUILDING THE POSITION

05 PLAYBOOK A

Playing positive gamma

When market gamma is positive there is generally less volatility,[5] so a clean **directional position** is the recommendation: calls if up, puts if down. With less violence in the tape, your strongest lever is **position size**.

GO DIRECTIONAL

Pick a side and express it cleanly. Calm conditions reward simple conviction over complex structures.

CONTROL WITH SIZE

Your main dial here is how much you put on, not the structure. Size up on conviction, down on doubt.

WHAT CALM LOOKS LIKE IN THE DATA

On nights when VIX closed under 20, SPY's median overnight gap since 2010 was **0.23%**, and only **3.4%** of those nights moved 1% or more. When VIX closed at 20 or above, the median gap was 0.52% and 23% of nights moved 1% or more.[9] VIX is a volatility measure, not a gamma reading, though the two are often related.

06 PLAYBOOK B

Playing negative gamma: ratio trades

In negative gamma, moves are bigger and can swing both ways, so SPY-T trades are often built as **ratio trades**: 2:1, 3:1 or 4:1. You lean toward your signal and keep a smaller hedge on the other side. There are three common ways to define the ratio.

BY CONTRACTS

4 : 1

4 calls + 1 put at the same strike. Count the contracts.

BY DOLLARS

3 : 1

A **$3 call** against a **$1 put**. Match the premium spent.

BY DELTA

2 : 1

A **.50Δ call** against a **−.25Δ put**. Match directional exposure.

TERMS

Every SPY-T ratio **buys both legs**. In standard options terminology, a "ratio spread" is different: it buys some options and *sells* a different number, commonly two sold for each one bought.[7] The closest textbook name for a bought, call-heavy hedge is a **strap**: two calls and one put at the same strike and expiration. A **strip** is one call and two puts.[6]

⚠ THE ONE HARD RULE

There are many ways to build an options position, but **avoid any combination that could lose more than the amount you risked**, such as **selling more contracts than you buy** and leaving a naked short leg. A sharp move against you can lose far more than the premium you collected. Buying calls and puts caps your loss at the premium you paid;[8] adding short legs does not. Keep your max loss defined and known before you enter.

TWO DIALS FOR AGGRESSION

The ratio

A heavier tilt toward your signal (4:1) is aggressive. A more balanced ratio (2:1) is conservative.

The position size

Run a **full**, **half**, or **quarter** position to scale conviction up or down. As the next chapter shows, it can shrink bad nights more than a hedge does.

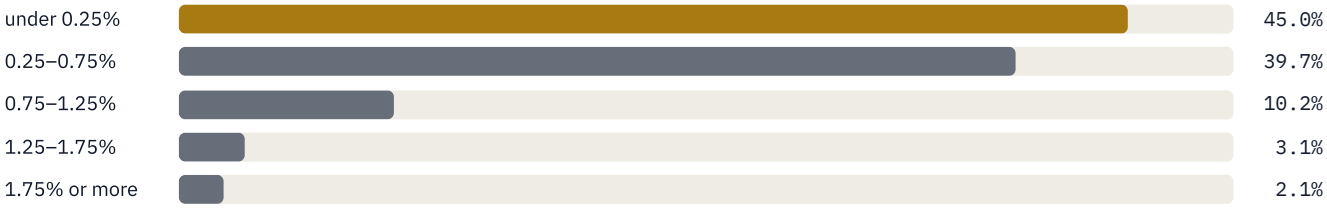
07 RATIO DRAG NEW

The cost of the hedge

A ratio trade buys insurance on the side you expect to lose. On nights your signal is right, that insurance expires as a loss. Use a ratio once in a while and the cost is small. Use it every night and it becomes a steady drag on profit.

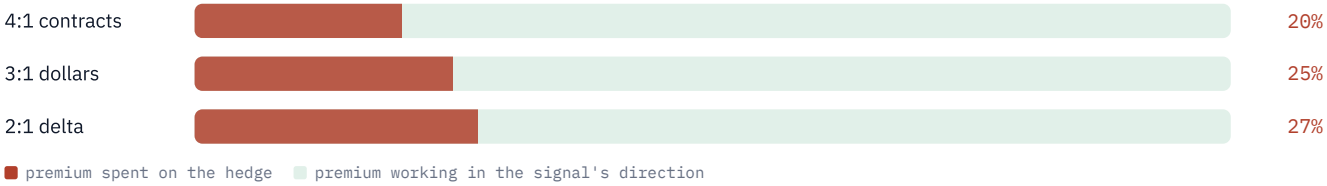
To measure it, we priced each structure on every SPY overnight session from January 2010 through October 14, 2026: 4,220 nights of real closes and opens.[9] The option prices come from a standard pricing model, so read the results as comparisons between structures, not as profit forecasts. Chapter 20 lists the method.

FIRST, HOW BIG SPY'S OVERNIGHT GAPS REALLY ARE · 2010 TO 2026



Share of nights by size of the move from the 4:00 PM close to the 9:30 AM open, up or down, dividend-adjusted.[9] The median gap was 0.28%. SPY opened higher on 55% of nights.

HOW MUCH OF EACH TRADE GOES TO THE HEDGE



At-the-money, 5 days to expiration, at the median VIX level since 2010 (16.7). On a ratio night, roughly 20–27% of the premium bets against your own signal.

What $1,000 does in one night

Signal is **Up**. Each column is the same $1,000 spent a different way, held from the close to the open, VIX at 16.7.

SPY GAP AT OPEN	ALL CALLS	4:1 CONTRACTS	3:1 DOLLARS	2:1 DELTA
+1.5%	+$1,189	+$804	+$708	+$631
+1.0%	+$704	+$447	+$383	+$316
+0.5%	+$279	+$150	+$118	+$66
Flat	−$79	−$79	−$79	−$103
−0.5%	−$367	−$239	−$207	−$183
−1.0%	−$587	−$330	−$266	−$166

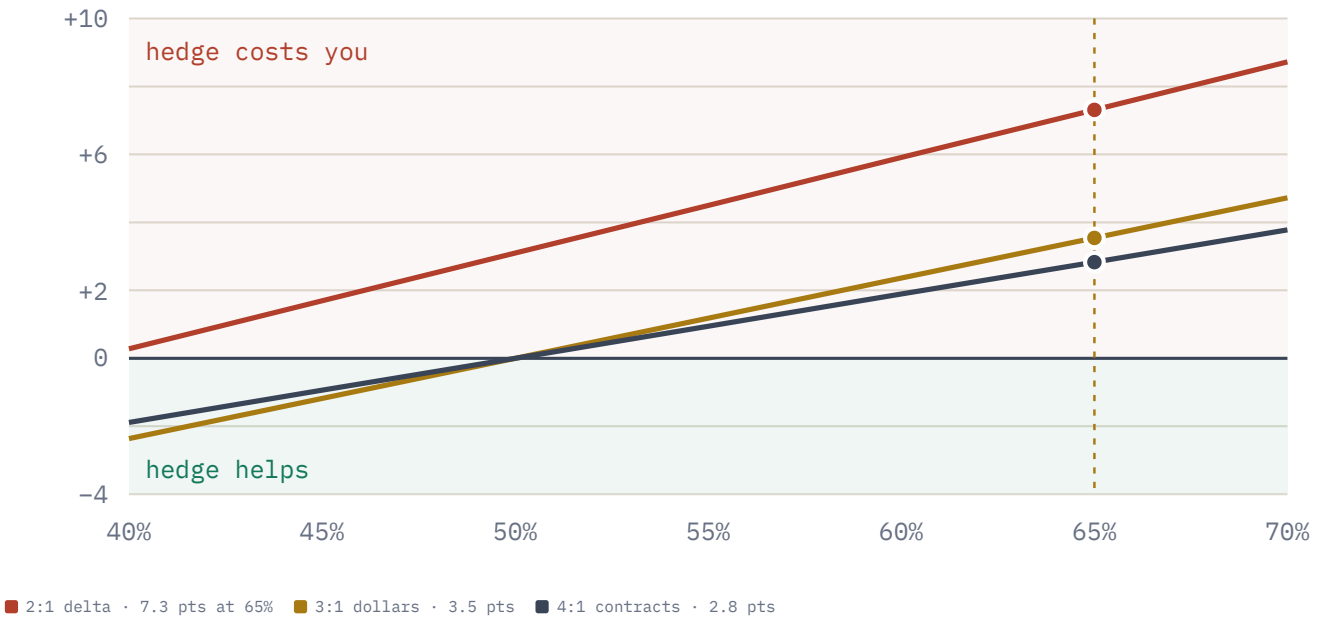
THE FLAT NIGHT

A quiet open costs about **$79** per $1,000 for all calls, 4:1 or 3:1, and $103 for 2:1 by delta, mostly time decay. The hedge does nothing for the most common outcome: 45% of nights since 2010 moved less than 0.25%.

THE TRADE-OFF

On a 1% gap, 4:1 gives up **$257** when you're right and saves **$257** when you're wrong. The hedge swaps upside for downside dollar for dollar, so how often you're right decides whether it pays.

RETURN GIVEN UP PER TRADE VS. SIGNAL ACCURACY · REAL SPY GAPS, 2010 TO 2026



Percentage points of return per trade versus spending the same money on calls only. Accuracy is hypothetical: the share of nights the signal called the gap's direction correctly. 4:1 and 3:1 break even at exactly **50%**. 2:1 by delta costs you at every accuracy shown, largely because its out-of-the-money put loses a larger share of its value overnight.

OVER 200 NIGHTS AT 2% OF THE BOOK

ACCURACY	4:1	3:1	2:1
55%	−3.8%	−4.7%	−18.0%
60%	−7.6%	−9.4%	−23.6%
65%	−11.3%	−14.2%	−29.3%

Account return given up versus all calls, summed over 200 nights. Same signal, same nights.

VOLATILE TAPES DON'T MAKE THE HEDGE CHEAPER

At 60% accuracy, 4:1 gave up **2.3 points** per trade on nights when VIX was 20 or higher and **1.7 points** when it was under 20. Bigger gaps make the hedge save more on wrong nights and cost more on right nights. When you're right more often than wrong, the cost wins.[9]

What the model can't capture is active management: selling the put into an early dip, then letting the calls run. That is the case for a ratio in a two-way open (Chapter 12).

Size can shrink bad nights more than a hedge

In the model, half size gave smaller bad nights than a full-size 4:1. Same nights, a 60%

accurate signal, as a share of the whole account:

Half-size, all calls		Full-size, 4:1 ratio	
Bad night (1 in 20)	−0.58%	Bad night (1 in 20)	−0.87%
Bad night (1 in 100)	−0.78%	Bad night (1 in 100)	−1.09%
Worst night	−1.00%	Worst night	−1.70%
Hedge drag	none (half the exposure)	Hedge drag	1.9 pts / trade

Half size had smaller bad nights and kept every dollar pointed at the signal, but also halves the upside. The ratio kept the full size and paid for the put every night.

WHEN A RATIO EARNS ITS KEEP

- ✓ **Your record is near a coin flip.** At 50% accuracy or below, 4:1 and 3:1 cost nothing or help.
- ✓ **You'll actively work both legs.** Selling the hedge into an early move is the one advantage the numbers above leave out.
- ✓ **You can't size down.** A small account at one or two contracts can't go to half size. A hedge is the only dial left.

WHEN IT'S JUST DRAG

- ✗ **Every night, by habit.** The insurance bill arrives on every winning night.
- ✗ **A signal you trust.** Above 50% accuracy, the better the signal, the more the hedge costs.
- ✗ **2:1 by delta, held to the open.** It cost more than calls alone at every accuracy we tested.
- ✗ **To feel safer.** In the model, half size gave smaller bad nights than a full-size ratio.

RULE OF THUMB

Go directional and adjust **size** by default. Reach for a ratio **on purpose**, for a reason you can name before the close, and plan to manage both legs at the open. Track ratio nights separately in your journal (Chapter 17) so your own numbers show whether they earn their keep.

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08 RISK

How much is a full position?

A "full position" is a slice of your **high-risk trading portfolio**, and the right slice depends entirely on your risk tolerance. It might be 1%, 3%, or 10%.

1–3%
Our suggested range for a full position. IG Academy, for example, calls risking under 2% per trade sensible.[11]

1/2
Half position. Dial conviction down when the setup is softer.

1/4
Quarter position. A toe in the water on uncertain days.

10%+
Aggressive. Smaller accounts may sit higher out of cost necessity.

WHAT A LOSING STREAK DOES TO THE BOOK

FULL POSITION	5 LOSSES IN A ROW	8 LOSSES IN A ROW	12 LOSSES IN A ROW
2%	−9.6%	−14.9%	−21.5%
5%	−22.6%	−33.7%	−46.0%
10%	−41.0%	−57.0%	−71.8%

Assumes each loss takes the whole position. Each row is simple compounding. Five- and six-loss streaks are common over a trading year, and eight is plausible at lower win rates (Chapter 16). Size so the 8-loss column is a number you can live with.

Smaller accounts sometimes *have* to size up a little because of cost and the minimum needed to buy one contract. That's a known trade-off, not a license to over-risk.

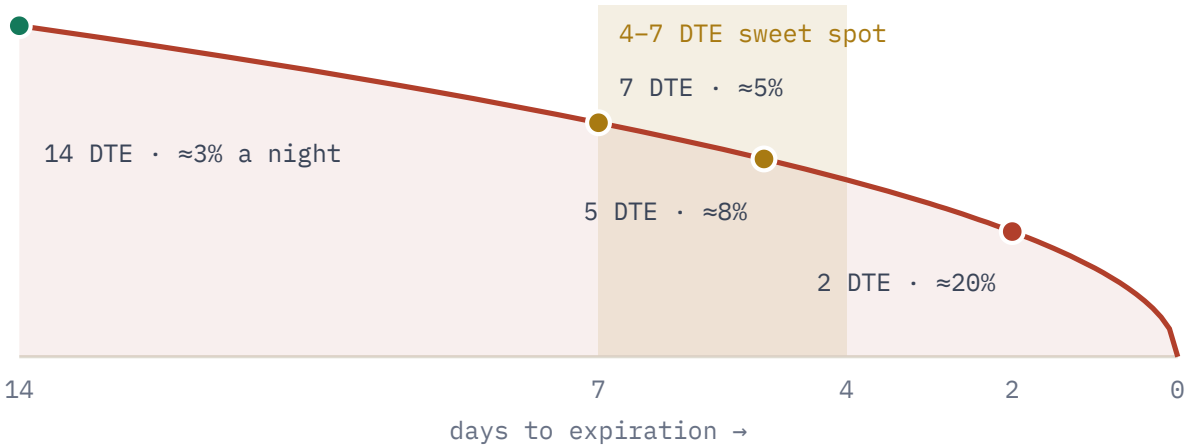
09 TIME DECAY

DTE & theta: choosing your clock

DTE is days to expiration. It's a core aggression dial because of **theta**, the daily erosion of an option's time value. The closer to expiry, the faster theta bleeds, especially in the final days and especially for at-the-money options.[1][2]

A **2-day DTE** is cheap and aggressive: fast theta, big swings. A **14-day DTE** is more expensive and conservative: slow theta, more cushion. For an overnight swing trader the sweet spot is generally **4–7 DTE**, though it always bends to your risk tolerance.

ESTIMATED COST OF ONE FLAT NIGHT FOR AN AT-THE-MONEY OPTION



Pricing-model estimate of the value an at-the-money option loses from the 4:00 PM close to the 9:30 AM open (17.5 hours) when SPY opens unchanged, at VIX 16.7, its median since 2010. Real option prices at the open can differ, especially if volatility moves overnight. The curve shows the shape of time value, not exact prices.

WEEKENDS AND HOLIDAYS

A Friday-to-Monday hold spans **65.5 hours** instead of 17.5, and a holiday weekend longer. In the same pricing model, a 5 DTE option that opens flat on Monday loses about a third of its value (≈33%) instead of ≈8% on a weeknight. Market makers don't necessarily price weekends this way, so treat it as an estimate. Weekend gaps were also a little larger: a median of 0.32% versus 0.28% on weeknights since 2010.[9] Add a day or two of DTE, cut size, or skip the night.

10 READING THE ROOM

The SpyTomorrow dashboard

Beyond gamma and the signal, a handful of other gauges round out the picture before you commit.

Hurdle rate

How far the market must actually move before your options turn a profit. The higher the hurdle, the bigger the move you need.

Implied volatility (IV)

Higher IV means a more volatile, more expensive market; lower IV is calmer and cheaper. It sets the price of your bet.

Fear gauge & market tension

Sentiment meters that flag when the tape is coiled or nervous. Useful context on top of the raw signal.

IV crush alerts

We watch for IV collapse, especially when gamma flips from negative to positive or right after a big scheduled event. A crush can sink a correct call.[13]

11 KNOW BEFORE YOU HOLD NEW

The overnight event calendar

Earnings and government reports during the overnight and morning hours can **flip the market's mood** in an instant. These are the recurring ones that land inside an SPY-T hold. Check the calendar before every entry.

8:30 AM ET	**Major economic data** CPI, PPI and the monthly jobs report (usually the first Friday of the month) are released at 8:30.[3] So are weekly jobless claims on Thursdays, retail sales and GDP.[14] All of it lands an hour before your exit.	BEFORE THE OPEN
After 4:00 PM	**Mega-cap earnings** When the largest index weights report after the bell, SPY can gap on one company's numbers. Check the earnings calendar during reporting season.	AFTER THE CLOSE
2:00 PM ET	**Fed (FOMC) decision days** The statement is released at 2:00 PM and the Chair's press conference starts at 2:30.[15] Both move the close you're buying into. Implied volatility can drop sharply after scheduled events; watch for crush alerts.[13]	INTO THE CLOSE
3rd Friday	**Monthly options expiration (OPEX)** Standard monthly options expire on the third Friday.[27] In March, June, September and December, index futures and options expire together ("triple witching").[16] Large positions roll off, so the gamma picture can change over the weekend that follows.	WEEKEND AFTER
Quarterly	**SPY ex-dividend morning** SPY pays a quarterly dividend, and its price drops by that amount on the ex-dividend date. Option prices account for it in advance.[17] Since 2010, 66 of 67 ex-dates fell on a Friday, typically the quarterly expiration Friday. The dividend averaged 0.44% of SPY's price.[9] Don't log that mechanical drop as a signal miss.	AT THE OPEN

Fri · holidays	**Weekends and long weekends** More hours of time decay and two or three days of news (Chapter 09).	THETA
1:00 PM close	**Early-close days** In 2026 the stock market closes at 1:00 PM on Friday, November 27 and Thursday, December 24, and eligible options close at 1:15. Your entry window moves with it.[18]	TIMING

12 WHERE WINNERS WIN

Enter with a plan. Exit like a pro.

Getting in **before the close** matters: you have decisions to make, and it pays to map a plan to your signals before you click buy. But the entry isn't where the edge lives.

The **exit is where winners win.** With practice you can follow your position up and down through the open, extending gains and trimming losses instead of taking whatever the first print hands you.

MANAGING THE OPEN · A SIMPLE FLOW

1

Let it open

Watch the first prints before reacting. The gap is still forming.

2

Bank into strength

Take some off as the move goes your way. Lock in real gains.

3

Trail the rest

Let a runner work, but ratchet your stop up behind it.

4

Cut fast if wrong

Theta is bleeding. Don't nurse a loser past your plan, usually within the first half hour.

Write the plan down by 9:25: target, stop, and which leg goes first. Check where SPY is trading pre-market around 9:15 so the open isn't a surprise. On a ratio trade, manage **each leg on its own clock**; calls and puts won't peak at the same moment.

THE RATIO-TRADE BONUS

On the right day, a ratio SPY-T trade can be **profitable on both the calls and the puts** in the same trade, if you manage each leg actively through the open.

This takes a two-way open and active management, which the drag figures in Chapter 07 don't include. It's a reason to use a ratio on purpose, not every night.

13 PUTTING IT TOGETHER

A night in the life of a SPY-T trade

One illustrative walkthrough, *not* a recommendation, showing how the pieces connect from the close to the next morning's open.

Negative gamma · signal Up · the sweet spot

ILLUSTRATIVE

3:55 PM	**Signal posts ▲ Up** The signal calls for a higher open tomorrow. Members see it before the close.
Gamma	**The tape is in negative gamma** Negative gamma plus an Up signal lands in the **sweet spot**: the biggest potential move on the board.

News	**Check the calendar** CPI is out at 8:30 tomorrow. That's a real two-way risk, so a hedge has a reason tonight.
Structure	**Build a 4:1 ratio, on purpose** Lean calls, hedge with puts: 4 calls and 1 put at the same strike. The named reason is the 8:30 report.
DTE	**Pick 5 DTE** Inside the 4–7 window: cheap enough to move, with enough time to survive an overnight wobble.
Size	**Half position** A volatile regime and an event morning, so scale back to roughly **1%** of the high-risk book instead of a full 2%.
Overnight	**Hold** Futures drift higher into the morning. CPI prints in line at 8:30. Nothing to do but watch.
9:30 AM	**The open: manage out** SPY gaps up and the calls surge. Bank some into the pop, trail the rest, sell the put on the first dip. Had CPI run hot and SPY gapped down, the put would have cushioned it. Out within the first half hour.

14 OTHER VEHICLES

Not just options, not just 9:30

SPY-T trades are built on options, but the same overnight-gap logic applies to other instruments. Choose the vehicle that fits your account and risk appetite.

Options
The core SPY-T vehicle. Defined risk, leverage, time decay.

Stock
Simplest, no decay. Needs far more capital per point.

ETFs
Broad, liquid exposure. QQQ and IWM follow the same logic.

Leveraged ETFs
Amplified and higher risk. Most reset daily, so multi-day returns can drift from the stated multiple.[19]

You're not always locked in until 9:30

4:00–4:15 PM

Late close
Options on SPY, QQQ and IWM trade until **4:15 PM ET**.[1] You can still enter or adjust after the public signal.

8:15 PM–9:25 AM

XSP overnight
Cboe's **XSP** (Mini-SPX) options trade overnight.[2] XSP is one-tenth of SPX, close to SPY in size, cash-settled and European-style, and may qualify for 60/40 tax treatment.[20] Not every broker offers the overnight session.

PRE-MARKET

SPY shares
Some brokers run overnight sessions for select stocks and ETFs (Robinhood 24 Hour Market, Schwab 24/5, IBKR Overnight), and pre-market can start at 4:00 AM ET.[21] Check that SPY is eligible at yours. A share position can be cut on overnight news; an SPY option can't until 9:30.

15 FOR THE NEW TRADER

Getting started

Before your first SPY-T trade, square away the account, the mechanics, and your expectations.

🌙 THE OVERNIGHT TRADE-OFF

The market is **closed while you hold**, so you can't set a stop and walk it down. If news hits and the open **gaps hard against you**, you can't exit your SPY options until 9:30 AM, at whatever price the open hands you. That open-ended gap risk is the core trade-off of overnight trading, and it's why position size and a defined max loss matter so much.

WHAT YOU NEED TO OPEN

Account type

Use a dedicated **high-risk trading account**, not a retirement account. Fund it only with money you can genuinely afford to lose.

Options approval

Brokers gate options by level, and levels vary. At Schwab, **buying calls and puts** is Level 1 and selling uncovered options needs Level 3.[24] Every ratio in this guide only buys options.

Cash vs. margin

Stock and options trades settle the next business day (T+1).[22] In a **cash account**, buying with unsettled sale proceeds and selling before they settle is a good-faith violation, which matters if you recycle this morning's exit into tonight's entry. A **margin account** can help avoid that, with its own risks.[23]

Starting capital

Enough that **1–3% still buys a real position** after commissions and spread. Small accounts feel costs the most. Size honestly.

COMMON FIRST QUESTIONS

Which strike do I buy?

Near **at-the-money** is the common starting point: it tracks a real gap closely while staying affordable. Further out-of-the-money is cheaper and more aggressive, since a bigger move is needed to pay.

How do I exit at the open?

Use **limit orders** and leg out: sell the calls into strength and manage the puts separately, or the reverse. Avoid market orders into a fast, wide-spread open.

Do I have to trade SPY?

No. SPY is the namesake, but the gap logic works on other **highly liquid** names: QQQ, IWM, or heavily traded stocks. Favor tight bid/ask spreads and deep options volume so you can get in and out cleanly.

Does the pattern-day-trader rule apply?

UPDATED

An overnight hold was never a day trade. The rule itself is also going away: FINRA eliminated the pattern-day-trader designation and its $25,000 minimum, replacing them with intraday margin requirements, effective **June 4, 2026**, and brokers have until **October 20, 2027** to update their systems.[25] Confirm how your broker handles it.

What about costs and taxes?

You pay commissions and cross the bid/ask **twice** (in and out) on every contract, so a ratio pays it on both legs. Gains on SPY options held one year or less are **short-term**.[28] Index options such as XSP may qualify for 60% long-term / 40% short-term treatment under Section 1256.[20] Not tax advice; check with a professional.

16 THE MATH OF WINNING

You don't need to win most nights

Profitability isn't about a 51% win rate. It's about how big your winners are compared with your losers. The bigger the payoff when you're right, the fewer nights you need to be right. Your **breakeven win rate** is:

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breakeven win % = risk ÷ (reward + risk)
```

REWARD : RISK	REWARD : RISK	REWARD : RISK
1 : 1	2 : 1	3 : 1
Win **~50%** of nights just to break even.	Only **~33%**. Win more than one night in 3 to come out ahead.	Just **~25%**. Win more than one night in 4 to profit.

WIN RATE %	AVG WIN %	AVG LOSS %	
45	60	40	**+5.0% per trade** Breakeven win rate at this payoff: 40%

Expectancy = (win rate × average win) − (loss rate × average loss), as a % of the premium you risk. Use your own journal numbers.

LOSING STREAKS ARE NORMAL · CHANCE OF AT LEAST ONE STREAK IN 200 NIGHTS

YOUR WIN RATE	5 LOSSES IN A ROW	6 IN A ROW	8 IN A ROW
55%	88%	60%	17%
45%	99%	93%	53%
35%	100%	99.8%	91%

Exact probability, assuming independent nights. Real streaks can cluster in volatile stretches. A strategy that wins 45% of the time will very likely hand you six straight losers in a year. Decide in advance what you'll do when it happens: keep size, cut to half, or pause and review.

To actually **profit**, beat the breakeven number. Good exits (Chapter 12) stretch your winners and shrink your losers, and that's what moves these odds in your favor.

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17 MEASURE YOUR OWN EDGE NEW

Keep a trade journal

The signal is one input. Your results also depend on how you structure, size and exit. A journal is the only way to know which of those is working. Log every trade, including the nights you skip.

THE SETUP
- Date and day of week
- Signal direction and strength
- Gamma regime and IV
- Events on the calendar

THE POSITION
- Structure and ratio
- DTE and strike
- Size as % of the book
- Total premium paid

THE EXIT
- Pre-market SPY level
- Exit time and price, per leg
- P&L per leg and total
- Followed the plan? Y / N

EVERY 20 TRADES, REVIEW

Win rate, average win, average loss and expectancy, split **by gamma regime** and **by structure**. Compare ratio nights against directional nights and calls against puts. After 50 trades your own numbers will tell you more than any guide can.

18 BEFORE YOU CLICK BUY

The pre-trade checklist

A 60-second pass before the close. If you can't tick every box, you don't have a trade yet.

RUN THIS EVERY TIME

- [ ] **Signal direction**
  Up, down, or neutral, and how strongly?
- [ ] **Gamma state**
  Positive and calm, or negative and amplified?
- [ ] **Locate the setup**
  Reliable grind, or the negative-gamma sweet spot?
- [ ] **Structure**
  Directional, or a ratio? If a ratio, name the reason.
- [ ] **DTE**
  In the 4–7 window, or sized to your tolerance?
- [ ] **Position size**
  Full, half, or quarter, and what % of the book?
- [ ] **News calendar**
  Any 8:30 data, earnings, or Fed on deck?
- [ ] **Weekend or holiday?**
  Extra nights of theta priced into the plan?
- [ ] **Exit plan written**
  Target, stop, and which leg goes first.
- [ ] **Max loss defined**
  Capped, known, and acceptable before you enter.

19 QUICK REFERENCE

The terms at a glance

Gamma How fast delta changes as price moves. Market-wide, it flags whether moves get dampened (positive) or amplified (negative).	**GEX** Gamma exposure: a model estimate of the net gamma dealers hold. It is how "positive" or "negative" gamma is usually gauged.
Delta How much an option moves per $1 move in the underlying. Your directional exposure.	**Charm** How an option's delta changes as time passes, with price unchanged. Also called delta decay.[26]
Theta The daily erosion of an option's time value. It accelerates as expiration nears.	**DTE** Days to expiration. Fewer days are cheaper and decay faster; more days cost more and decay gently.
IV Implied volatility: the market's expected move. Higher IV is pricier and choppier; lower is calmer. VIX estimates it for the S&P 500 over the next 30 days.[10]	**IV crush** A sharp drop in implied volatility, often after an event, that cuts option prices even if direction was right.
Hurdle rate How far the market must move before the option turns a profit.	**Ratio trade** SPY-T's term for leaning one way while hedging the other, defined by contracts, dollars, or delta (e.g. 4:1). Both legs are bought. Not the same as a textbook ratio spread, which sells options.

Strap / strip A strap buys two calls and one put at the same strike and expiration; a strip buys one call and two puts.	**Ratio drag** The return given up by paying for a hedge on nights the signal is right.
OPEX Options expiration. Standard monthly options expire on the third Friday.[27]	**XSP** Mini-SPX index options: one-tenth of SPX, cash-settled, European-style, tradable overnight in Cboe's Global Trading Hours.
Expectancy Average profit per trade: win rate × average win minus loss rate × average loss.	**Breakeven win rate** Risk ÷ (reward + risk). The share of nights you must win to stay flat.

20 HOW WE KNOW NEW

Sources & methods

Facts in this guide were checked against the sources below on October 15, 2026. Superscript numbers in the text link here. Market rules and broker features change, so confirm anything time-sensitive with your broker.

Checked against a source

Trading hours, release times, the Fed schedule, expirations, settlement, account rules, tax treatment, definitions. Each carries a number.

Our own data analysis

Gap statistics, the ratio-drag figures and the time-decay estimates, built on public SPY and VIX data. Method below.

SpyTomorrow's approach

- Signal timing and member access
- The setup ranking
- Suggested sizing and the 4–7 DTE window
- Playbook and exit advice
- Illustrative examples

▼ HOW THE RATIO-DRAG AND TIME-DECAY FIGURES WERE BUILT

Data. SPY daily opens, closes and dividends and Cboe's daily VIX history: 4,220 overnight sessions from January 5, 2010 to October 14, 2026. Each night's gap is (next open + any dividend paid that morning) ÷ prior close − 1.

Pricing. Options are valued with the Black-Scholes model at a zero interest rate. Implied volatility is VIX at the prior close, held constant overnight. Repricing at the VIX open instead changed the drag figures by less than 0.15 points. VIX is a 30-day volatility estimate built from a range of SPX strikes, not the exact option you would buy.

Positions. 5 calendar days to expiration, strikes at the money at the close. The 2:1-by-delta hedge uses a −0.25 delta put, or a +0.25 delta call when the signal is down. Time held is the calendar hours from the 4:00 PM close to the 9:30 AM open: 17.5 on weeknights, 65.5 over weekends. Trading cost is an assumed $0.02 per share per contract round trip, with no commissions. Positions are valued at the open with no active management.

Signal accuracy is hypothetical. Each night counts as a correct call with the stated probability, applied to that night's real gap. Bad-night figures use 200 random draws per night.

What we don't show. Absolute profit per trade. It depends on the actual prices you pay and receive, which this model can't reproduce. The comparisons between structures held when we changed the volatility input.

Other math. The losing-streak table is exact probability for 200 independent nights. The drawdown table is simple compounding.

1	Firstrade — Options that trade until 4:15 pm ET. help.firstrade.info
2	Cboe — Global Trading Hours (SPX, XSP overnight session, 8:15 PM–9:25 AM ET). cboe.com

3	U.S. Bureau of Labor Statistics — release schedules (8:30 AM): CPI, Employment Situation, PPI. CPI · Jobs · PPI
4	spytomorrow.com — front page (signal posted after the 4:00 PM ET close). spytomorrow.com
5	SpotGamma — Gamma Exposure (GEX): dealer gamma and its estimated effect on price. spotgamma.com
6	Strap and strip definitions. Nasdaq glossary · Macroption
7	IG — Ratio spread definition. ig.com
8	CME Group — Long calls and long puts: maximum risk is the premium paid. Calls · Puts
9	Data: SPY daily open, close and dividends (Yahoo Finance) and Cboe VIX daily history, January 2010 to October 14, 2026. Analysis by SpyTomorrow; method above. SPY history · VIX history
10	Cboe — VIX Index methodology (30-day expected volatility from SPX options). cboe.com
11	IG Academy — Ways to manage risk (risk per trade). ig.com
12	Options Industry Council — Theta. optionseducation.org
13	CIBC Investor's Edge — Implied volatility crush. cibc.com
14	Release times: weekly jobless claims (DOL), retail sales (Census), GDP (BEA). DOL · Census · BEA
15	Federal Reserve — FOMC statement (2:00 PM) and press conference (2:30 PM). Statement · Calendar
16	ISE — Expiration FAQ (quarterly "triple witching" expirations). iseoptions.com
17	Schwab — Ex-dividend dates and option risk. schwab.com
18	NYSE — Holidays and trading hours (2026 early closes). nyse.com
19	FINRA — Non-traditional (leveraged and inverse) ETF FAQ. finra.org
20	Cboe — XSP: cash-settled, European-style, 1/10 of SPX, possible Section 1256 treatment. Product page · XSP vs SPY
21	Broker overnight and pre-market trading. Robinhood · IBKR · Schwab · E*TRADE
22	FINRA — Understanding settlement cycles (T+1). finra.org
23	Chase — How to avoid cash trading violations. chase.com
24	Schwab — Option approval levels. schwab.com
25	Schwab — SEC approves scrapping $25,000 day trader minimum. schwab.com
26	tastylive — Using options charm. tastylive.com
27	Cboe — Circular: standard monthly expiration moved from Saturday to the third Friday (effective February 2015). cboe.com
28	IRS — Topic 409, Capital gains and losses (short-term: held one year or less). irs.gov

⚠ High risk. Trade accordingly.

SPY-T is high-risk, high-reward trading and can lose money quickly. This guide is educational and is **not financial advice**. Modeled and illustrative figures are not forecasts or a record of results. Never risk more than you can afford to lose, and keep your maximum loss defined before every trade.

spytomorrow.com

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